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MEMORANDUM

SUBJECT: Sino-Soviet Relations: The Outlook for Chinese Policy [redacted]

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China is embarked on an effort to restructure and normalize important aspects of its relationship with the Soviet Union. The Chinese initiatives first became apparent last year [redacted] 25X1

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[redacted] The Chinese began broadening economic, cultural, academic, and athletic exchanges in mid-1981; early this fall, they took the initiative to open formal political talks for the first time since 1979. 25X1

Beijing's approach to the Soviets is part of a broader adjustment in Chinese foreign policy evident since early 1981. In general, the Chinese are trying to reemphasize their independence vis-a-vis the superpowers, attenuate their strategic identification with the United States, and put Chinese ties to the Third World in clearer focus.

More Specific Motives

[redacted] the 25X1 Chinese leadership wants to use their new dialogue with Moscow to obtain more leverage in US-China relations.

But we believe it would be a mistake to consider China's initiative as simply a manipulative, short-term tactic. It represents, in our view, a more fundamental move prompted by long-standing skepticism on the part of conservative Chinese elements regarding Deng's policies--a skepticism in this case energized by Beijing's disappointment over the benefits received since tilting toward the United States in 1979 (and especially the Reagan Administration's consistently firm position on Taiwan.) This disappointment is being fueled by domestic political pressure. Beyond this, the more pragmatic Chinese policy now being put in place holds open the promise of new equities and opportunities for both camps. And this could produce over time a more substantial modus vivendi than the Chinese envision at the moment. In short, China's decision to distance itself from Washington and strike a more independent foreign policy stance is driven by forces that will continue to influence Chinese policy toward both the United States and the USSR for an extended period.

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Apart from the US dimensions, the Chinese have other things in mind in reducing tensions with the Soviets. They now believe that their modernization efforts require prolonged stability on their borders. They also see some potential economic benefits to be gained if Sino-Soviet trade is expanded and if Moscow is willing to provide other technical contributions to industrial modernization. In the longer run, the Chinese also believe they may have a moderating influence on some Soviet policies, particularly in Indochina, and they apparently believe an overall reduction in tensions with the USSR will also gain them influence in the Third World and among pro-Soviet parties elsewhere.

The Chinese Course

In dealing with both Moscow and Washington, Beijing appears set on a course that will:

- establish a permanent political channel to the Soviets that it will use it to probe the Soviet position on basic issues. We expect the Chinese to maintain pressure on all key issues--Soviet forces on their border and in Mongolia and the Soviet role in Kampuchea and Afghanistan--but to give the Soviet-Vietnamese alliance priority treatment;
- reduce tensions and open access for the Chinese modernization program to whatever material benefits are available from expanded trade, economic, academic, and technological ties with the Soviets;
- improve Chinese flexibility in the Soviet-China-US triangle while manipulating US perceptions of the triangle. The Chinese hope that dealing more positively with Moscow could increase China's short term leverage with the Reagan Administration; but they are probably even more hopeful that it will work to their advantage when US leadership changes;
- demonstrate that China is not intransigent in dealing with the Soviets. Beijing especially wants its image of co-equality with Washington and Moscow to influence views of the Sino-Soviet relationship in European and Third World communist party circles.

We believe that the Chinese are prepared to strike some compromises with the Soviets on the military situation along the border.

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If the Chinese made significant progress with the Soviets here, Beijing, in our view, would not require similar progress on Vietnam and Afghanistan to keep the dialogue going. But we would

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expect the Chinese to keep pressing their case in these two areas. The Chinese have solid incentives to maintain a hard line on Afghanistan and to keep the Soviets' feet to the fire on Kampuchea

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Even with their demands on the table, the Chinese have considerable room for gradual improvements in Soviet relations in a variety of functional and perhaps political areas. We believe the Chinese can reduce bilateral tensions and sustain a political dialogue without diminishing their public opposition to Soviet policies. That format for relations is already apparent in Beijing's behavior and implied by Deng Xiaoping and other leaders in their predictions that the dialogue will be prolonged.

Constraints

We do not believe that China has altered its view of the Soviet Union as the main threat to its security. Lower tensions, including changes in military strength on the border, could allow the Chinese to relocate some defense resources. But even a limited normalization will not alter their fundamental concerns about Moscow. Deng and other Chinese officials have said

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[redacted] that Beijing wants real changes on the major issues before relations can significantly improve.

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Differences over Taiwan also have not fundamentally altered China's desire for a long-term tie with the United States, although Beijing obviously questions whether Washington is currently committed to developing the relationship. The desire for economic and technological advantages available only from a stable US connection enhances Chinese caution toward Moscow. Despite Beijing's reduced expectations for benefits from the US-China relationship during the next few years, the Chinese probably expect a more favorable policy environment in Washington over the longer run.

In sum, we believe the Chinese intend to develop a more complex relationship with the Soviets, involving less categorical confrontation and more practical cooperation than in the past. We also believe that China will continue to publicize its opposition to Soviet hegemonism, although it will do so without suggesting that the United States is an active partner in the effort.

China's objectives and expectations in pursuing the dialogue with Moscow are not fixed in concrete, however. Much will depend on the creativity and forthcomingness of Moscow's effort to construct a more beneficial link to China. Major and unexpected Soviet troop withdrawals from the China frontier, a drastic

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scaling down of Soviet aid to Hanoi or a reversible Soviet policy in Afghanistan could strengthen the hand of those in the Chinese establishment skeptical of Beijing's tilt to the West. An entirely new light could be put on China's strategic calculus. The point is that China's intent to assume a more equidistant position between Moscow and Washington has introduced a new fluidity and uncertainty to the triangular equation. Overreaction or boldness in any of the three capitals could move relationships in directions none presently expect.

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